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**BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
SURFACE TRANSPORTATION SUBCOMMITTEE**

JULY 25, 1995

DISTRICT OF COLUMBIA EMERGENCY HIGHWAY RELIEF ACT

Mr. Chairman, I am very pleased to be here this morning before your Subcommittee, which authorizes the Federal-aid Highway Program. I thank you for scheduling this hearing so quickly, and I welcome the opportunity to discuss the urgent needs of the District of Columbia's highway program. With me this morning is Mr. David Gendell, Regional Federal Highway Administrator for Region 3, which includes the District.

The District's financial crisis, which has left the city without sufficient money to provide the local match for Federal-aid highway funds previously set aside for its use, presents a significant threat to the quality of life in our Nation's capital. For its residents and those who live in the surrounding communities, the deterioration of the District's roads means not just frustration, discomfort, and inconvenience, but also raises safety concerns. The District's deteriorating highway system may also adversely affect the level of tourism in the Washington area, which is critical to the economic health of this region.

Because of its extreme financial distress, the District needs our help. Unless it receives immediate Federal assistance in the form of a waiver of the local match, after August 1 the District, in accordance with Federal law, will lose the ability to use approximately \$82 million in obligation authority this year. An estimated \$87 million in obligation authority for next fiscal year will also be put in jeopardy. The result of such inaction will be costly delays in needed highway and bridge construction work on proposed National Highway System (NHS) routes and other

important commuter thoroughfares. As you well know, work put off this year will be more expensive to undertake in future years. Although the costs of delay are difficult to quantify, the Congressional Office of Technology Assessment estimated in a 1991 report to Congress that if repairs to well-constructed facilities are postponed until major reconstruction is needed, the costs of providing alternate service or of traffic diversion and delays can equal the capital costs, doubling the total expense of a given project.

The need is urgent. The District has not begun construction on any major highway project in nearly two years. That means that project plans have become dated and highways and bridges have continued to deteriorate.

There is a solution to this problem. Given the importance of the District of Columbia to the regional transportation system and the Nation, legislation was initiated by the Administration and supported by transportation authorities of the District, the States of Virginia and Maryland, and Members of the Congressional delegation for this region, to address the District's need for road improvements. Delegate Eleanor Holmes Norton has also introduced legislation (cosponsored by most D.C.-area Members of Congress) -- the District of Columbia Emergency Highway Relief Act (H.R. 2017). Her bill would temporarily waive the required match for fiscal years 1995 and 1996 and allow use of Federal funds available to the District. Delegate Norton's bill is very similar to S. 1023, which was passed last week by the Senate. Her bill would require the District to pay the waived amount or have that amount deducted from its fiscal year 1997 apportionment of Federal-aid highway funds. Projects eligible for Federal funds under this bill would include those on the proposed NHS and others of "regional significance," as determined by the Secretary of Transportation.

This legislation would allow the District to receive funds immediately for the non-Federal portion of ongoing projects. That should give them an immediate ability to fully reimburse contractors for their work, and begin the rebuilding of the District's infrastructure.

I want to emphasize two major points. First, no new Federal funds would be made available through this legislation. The bill would enable the District to obligate funds previously made available for its use -- nothing more. Second, the District would have to repay its local share for any projects undertaken with the funds made available by the bill.

There is ample precedent for the proposed waiver. Legislation to provide a general temporary matching waiver has been enacted three times in the past twenty years. Such a waiver was first made available in a 1975 Federal jobs stimulus bill. That waiver applied to projects approved between February and September 1975, and cash repayment was required by the beginning of 1977. Sixteen States -- Arizona, California, Connecticut, Florida, Illinois, Maine, Maryland, New Jersey, New York, Oregon, Pennsylvania, South Carolina, South Dakota, Utah, Puerto Rico, and the Virgin Islands -- participated in the 1975 program.

A second, similar waiver was authorized in the Surface Transportation Assistance Act of 1982 and lasted for 21 months. Repayment was due a year later, or participating States could choose to have their apportionments reduced for the following two years. Thirteen States participated: Arizona, Colorado, Idaho, Illinois, Indiana, Maine, New Jersey, New York, Oregon, Pennsylvania, ~~Massachusetts~~ Vermont, and West Virginia.

The ~~third~~ waiver was contained in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), and lasted for two years. Cash repayment was required six months after the end of the program (or States could choose to have their apportionments reduced for two years). Ten States participated: Alaska, Louisiana, Maine, Maryland, New Mexico, New York, North Dakota,

South Carolina, Vermont, and Puerto Rico. Delegate Norton's bill is modeled on the ISTEA temporary match waiver.

In this light, H.R. 2017 simply provides the same type of assistance to the District as has already been provided to half the States over the past twenty years. We should not now deny to our Nation's capital in its time of extraordinary need what has been made available to so many others in the past.

The FHWA - D.C. Relationship

The relationship between the FHWA and the Department of Public Works is unique due to the presence here of FHWA Headquarters, the Congress, and the White House. Although the District's recent budget troubles have stalled the normal construction and maintenance program and have severely reduced the organizational capacity of the Department of Public Works, the present relationship between the FHWA and the Department of Public Works is close and very cooperative.

Our two agencies must work closely together, for the District is unique in many ways. For example, in a typical city the State government has jurisdiction over, and responsibility for, major Federal-aid highways while the city government is responsible only for local streets. The District, on the other hand, has jurisdiction over nearly all of its streets and bridges. Accordingly, the District must maintain the equivalent of a State highway department, as well as a city agency for local streets. It is to undertake all of its responsibilities in this area.

In recent years, the combination of Federal and city funds have resulted in about \$100 million in capital improvements annually. The FHWA maintains project-by-project oversight of these expenditures. That way, we have assurance that Federal requirements are adhered to, such as competitive bidding procedures and acceptable project specifications.

For the most part, the changes brought about under the ISTEA have served to give the States more control over their highway programs and move the FHWA away from project-by-project oversight. Due to the unique situation in the District, however, we are committed to continuing project-by-project oversight and providing *direct* technical assistance as needed. The FHWA's day-to-day involvement in project-level issues will continue to assure that an effective and productive Federal-aid highway program exists in the District.

To further assure that a viable Federal-aid program will continue during the District's financial difficulties, and in anticipation of legislation to waive the local match, the FHWA initiated a Memorandum of Agreement with the City, which was signed by the Mayor on June 29, 1995. The Memorandum provides the framework under which the FHWA (if authorized by Congress) would waive the local match on selected projects. In return for the waiver, the District agreed to undertake the following actions:

- * Expedite work by delegating the full authority for Federal-aid highway projects to the Director of Public Works;
- * Establish an independent revolving fund account to be managed by the Department of Public Works for all Federal-aid transportation projects; and
- * Assure that the organizational capacity to deliver an adequate Federal-aid highway program exists by exempting the positions assigned to 100 percent Federal-aid projects from citywide personnel reduction or restrictions.

Keeping all this in mind, I can assure you that the Federal Highway Administration will work closely with District officials to ensure that the funds made available by H.R. 2017 will be properly used and accounted for.

Conclusion

During my recent tour of the Washington, D.C., metropolitan area, I was reminded anew of the special nature of this Capital City and what a halt in the highway program would mean to it.

I visited the ongoing construction work on the Sousa Bridge, which would cease without this legislation. I had a lengthy discussion about the Mall Monument Road Improvement Program, which stretches from these Capitol grounds to the Lincoln Memorial -- reminding me that this city is not like any other in the Nation. Not merely the seat of the Federal Government, the District of Columbia is a national treasure that is visited by citizens from across the land and friends from around the world. The legislation before you today would allow the city to continue major roadway improvements I discussed with Director King on that day, such as those on New York Avenue, that would greatly improve access to the city. There are a number of other such gateways that are regionally significant that would be improved with this legislation.

The transportation system of the District of Columbia is crucial not only to the economic health and well-being of the Nation's capital, but to that of the surrounding communities, as well. Granting a temporary match waiver to the District, which would provide it only with funds already set aside for its use, would be of great benefit to the entire region and our Nation. To delay or deny such funds to the District will only lead to greater problems and expenses down the road.

Strong bipartisan support has been expressed by Congress and the Administration to help the District of Columbia recover from its present financial distress. This legislation is a solid first step in creating the necessary partnership to restore our Nation's capital to economic health. We all will reap the benefits. But time is of the essence. The Administration initiated this action. The Senate has acted. I urge you to make Delegate Norton's bill a top priority for action in the next few days.

Thank you for the opportunity to testify. We will now be happy to answer any questions you may have.